

APPENDIX C

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 2 JULY 2013

Title:

BUDGET MANAGEMENT REPORT MAY 2013

[Portfolio Holder: Councillor Band]

[Wards Affected: All]

Note pursuant to Section 100B (5) of the Local Government Act 1972

An annexe to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

This report provides an indication of the expenditure and income position for the 2013/14 Budget as at May 2013 compared with the budget for the General Fund and the Housing Revenue Account.

How this report relates to the Council's Corporate Priorities:

The monitoring and management of the Council's Budgets ensures there is financial control over the services that contribute to the Corporate Priorities. Savings identified can be redirected towards Corporate Priorities or action can be taken to rectify overspends.

Resource/Value for Money implications:

This report shows the budget management position to the end of May 2013 for the General Fund and the Housing Revenue Account. It monitors the progress of revenue expenditure and income and projects the potential year-end position, based on activity to date. An underspend against the General Fund Revenue budget is reported. The Housing Revenue Account position is detailed in the report.

Legal Implications:

There are no direct legal implications relating to this report.

Introduction

1. Throughout 2013/14 the Budget will be monitored on a monthly basis, with either full management reports or update reports presented to the Executive accordingly. The full monitoring process involves formal sign-off of sheets for all service areas following meeting between service managers, heads of service and accountancy staff. Update reports are made on an exception basis and concentrate on key budget areas and areas where variations have previously been identified. This Budget Management report has been prepared on an exception basis, because of the limited financial information available at this stage of the year.

General Fund

Budget Variances

2. The projected variations from the Budget are detailed in the schedule at Annexe 1. Key areas of interest are also detailed below. At this stage, taking all factors into account, an underspend in the region of £117,000 is projected for the General Fund Revenue Budget.

3. **Income Levels**

Income levels so far for 2013/14 are generally very good. Development Control income for April and May is significantly greater than the budget on a proportionate basis. This is particularly reassuring as there was a shortfall in income during 2012/13. However, the figures include one particularly large application and therefore may not be typical for the year. Taking all factors in to account, a projection of £10,000 beyond the 2013/14 budget is considered reasonable at this stage.

Building Control income is also slightly better than the budget for April and May. In turn, this should lead to the Building Control Business Plan target for a break-even budget being delivered in 2013/14. In view of the unpredictable nature of Building Control income, additional projected income is not reported at this early stage of the year.

Indications so far are that Car Park income will be very close to the budget for 2013/14, with the income from rents likely to be slightly better than the budget.

£40,000 rental income will be received during 2013/14 from recent land acquisition at Farnham as part of the Brightwells redevelopment project currently let for car parking.

Land Charge income has been particularly strong during April and May, with a resultant £100,000 additional income projected. Furthermore, indications are that the housing market is gaining in strength locally. Land charge software with an estimated cost of £30,000 may need to be purchased during the year, leaving net additional income of £70,000.

4. Waverley Training Services

A provisional surplus of £90,600 has been reported for 2012/13. A surplus of £24,000 had been included in the 2013/14 budget. Officers remain optimistic about the performance of Waverley Training Services, with strong demand for the courses reflected in income levels. At this stage, it is reasonable to project that the trading position will be similar to 2012/13. However, predictions are extremely difficult particularly in view of the differences between academic years ending in the summer and Waverley's financial years, from April in March.

5. Waste Recycling

For several years prior to 2012, the significant volumes of leaves collected from Street Cleaning were presented and accepted for recycling as green waste; thereby contributing to recycling targets and attracting Recycling Credits, although also incurring Gate Fee charges for processing.

Unfortunately, during 2012 the Environment Agency instructed that this material should not be accepted for processing as Green Waste. In practice a high percentage of the material is soil and Surrey County Council have accepted this for alternative processing on the basis that Gate Fees will be waived to partly offset the loss of Recycling Credits.

Because the material is not sent to landfill it is still included in recycling tonnages and percentages for performance, but there is an adverse effect on Waverley's budgets. The projected position for 2013/14 is that the Recycling Credits are likely to be £60,000 below budget, but offset by a reduction in expenditure on Gate Fees estimated to be £18,000. This would be an improvement on the 2012/13 outturn position.

Representations have been made to the Environment Agency. Current proposals to improve the household Green Waste Recycling Service should also offset this reported shortfall.

6. Day Centres

Significant urgent repairs were required at the Gostrey Day Centre building towards the end of 2012/13, together with greatly increased electricity bills. In view of the nature of the premises a similar overspend is expected to continue into 2013/14, amounting to £22,000 for a full year. However, the Executive have asked for a review of this area to be reported in September.

7. Staff Vacancy Target Reductions

The General Fund Staff Vacancy Target for 2013/14 is £206,000. Projected savings made for the first two months of the year based on known vacancies have already identified that good progress is already being made towards achieving the target. It is still very early in the year to make full projections for staff savings and a proportionate basis is certainly not realistic. However, based on the current position, it does seem likely that the target will be over-achieved and a figure of £50,000 is included within the projected underspend in recognition of this.

8. Emergency Funding Provision

The 2012/13 budget provision for Emergency Funding of £24,130 was unspent and has been carried forward to the current year. A further £45,410 is included within the 2013/14 Budget, making a total of £69,540. No amounts have yet been allocated and so there is potential for this to result in an underspend, although no amount has currently been included within the projections at Annexe 1.

9. Freedom Parade and M3LEP subscription

Budget virement is sought to cover two items of expenditure not included within the original 2013/14 Budget. A freedom parade is planned through Godalming, with an estimated associated cost of £10,000. The M3 Local Enterprise Partnership has provided significant funding towards the enabling works at the Riverside associated with the Brightwells Redevelopment Project. The annual district council membership subscription for the Partnership is £5,000.

10. Brightwells Public enquiry Costs

Waverley has been informed that the Planning Inspectors costs for the Compulsory Purchase Orders associated with the Brightwells redevelopment project are £29,000. Accordingly, it is recommended that the Brightwells Project Budget within the revenue estimates is increased by this amount and met from virement from the overall underspend.

Use of Balances

11. No use of the General Fund working balance was planned within the 2013/14 Budget, but the revenue carry forwards totalling £49,000 approved from 2012/13 will be met from the increased working balance at 31st March 2013.

General Fund Capital Programme

12. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 2.

The monitoring position at the end of May shows that projects are currently being carried out as planned. This early in the financial year only the High Street Car Park, Haslemere project is likely to be delayed beyond year end, this is due to developers still being on the site.

13. The Capital project monitoring group and the CMT recommend that the following projects be approved as an addition to the Capital Programme. Justification Statements, showing full details are shown as part of Annexe 2.

- (i) Paper-Free Planning Applications £10,000.
(To be funded from the balance of Planning Delivery Grant)
Over 50% of all new planning applications are submitted electronically. Currently all of these applications are printed off in triplicate prior to validation, therefore wasteful of paper, ink and staff time. The

implementation of an electronic validation and registration process will prevent this inefficient use of resources.

- (ii) E-Mail Archiving & Encryption £13,000
(virement from Autocad upgrade budget £15,000)
Proposed virement within the Capital Programme of £13,000 from the AutoCad site licence to the e-mail archiving and encryption project. The CMT have decided that the £4,000 to meet the additional revenue cost of the e-mail archiving project and £2,500 additional revenue cost of the email encryption project is to be met by a budget virement from the annual licence savings negotiated with Civica regarding Comino workflow.

Housing Revenue Account (HRA)

HRA Revenue Account

- 14. Rental and Service charge income is currently estimated to be approximately £120,000 less than budgeted. This is partly due to the void numbers being higher than budgeted for (58 at the end of May, compared to an expected 25 per month), void turnaround taking longer, and a budget setting miscalculation on service charges. The Executive have recently agreed a project to undertake a comprehensive review of Waverley's void process in order to reduce void time.

HRA Staff Vacancy Target Reductions

- 15. There is a vacancy savings target of £70,000 for the HRA, which should be achieved by the year end.
- 16. Rent Collection

The total rent arrears as at 5 May 2013 were 1.09 % of the gross debit, value £360,000, an increase of 0.8% or £30,000 from 31 March 2013.

HRA Capital Programme

- 17. The HRA Decent Homes work has continued but invoices still are slow to be issued for the work completed. Programmes for other HRA capital work are in the process of being issued.
- 18. Rolston House reconfiguration is being finalised and the estimated costs confirmed. This will then go to consultation. It is now expected to start on site in December / January, with a show flat completed in this financial year. It is anticipated that only £265,000 of the budget will be spent in 2013-14, and £581,000 spent in 2014-15. This delay will mean the properties are held vacant for longer, with resultant loss of income.
- 19. Further Kitchen, Bathroom and variations to Roof works are proposed to the properties scheduled in (Exempt) Annexe 5 in the sums of £325,500 for Kitchens, £238,650 for Bathrooms and £294,266 for Roofs, with £384,461 of roof works being removed.

Revenues Cash Collection

National Non-Domestic Rates

20. The collection rate to 31st May 2013 is 20.9%, the same figure as last year.

Council Tax

21. The collection rate to 31st May 2013 is 21.3 %, compared with 21.5% last year.

Conclusion

22. This report shows that the current financial year has commenced in a sound financial direction. Only two months have been experienced so far and therefore the projections are particularly cautious. On this basis, a surplus of £117,000 is indicated for the General Fund, although there is potential for this figure to be surpassed. After additional spending proposals a surplus of £73,000 still remains. The apparent shortfall of income on the HRA is currently being investigated further. The full budget monitoring process will be undertaken during July covering the position to the end of June. This will form the basis of the Budget Management Report to the Executive in early September. The latest Capital Programme position will also be reported to this meeting.

Recommendations

It is recommended that the Executive:

1. notes the report and gives further consideration to the position at the September meeting when a further report will be presented; and
2. approves the addition to the General Fund Capital Programme of £10,000 for the Paper-Free Planning Project funded by Planning Delivery Grant as detailed in paragraph 12;
3. approves the virement within the Capital Programme of £13,000 from the AutoCad site license to the e-mail archiving and encryption project and endorses the CMT decision that the £4,000 to meet the additional revenue cost of the e-mail archiving and encryption project and £2,500 ongoing revenue cost be met by budget virement from the annual license savings negotiated with Civica regarding Comino workflow;
4. approves £10,000 budget virement from the overall underspend to fund the Freedom Parade;
5. approves £5,000 budget virement from the overall underspend to fund the M3 LEP subscription;
6. approves an increase of £29,000 to the Development Consultancy budget met by virement from the overall underspend to fund the costs of the Planning Inspector for the Public Enquiry regarding the Brightwells Compulsory Purchase Orders;

7. recommends that the Council agrees a supplementary estimate of £70,000 to cover Planning Enforcement costs as detailed in a separate report on this Agenda; and
8. agrees the additional works (Kitchens £325,500, Bathrooms £238,650, Roofs £294,266 and £384,461 removed) to properties within the HRA Capital Programme in accordance with the schedule at (Exempt) Annexe 5.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

Name: Brian Long

E-mail: brian.long@waverley.gov.uk

Telephone: 01483 523253

Name: Glennis Pope

E-mail: glennis.pope@waverley.gov.uk

Telephone: 01483 523477